

## Ginnie Mae II Mortgage-Backed Securities

Expands affordable housing in America by linking global capital markets to the nation's housing markets. The Ginnie Mae II program complements the Ginnie Mae I program.

**Nature of Program:** Ginnie Mae guarantees investors (security holders) the timely payment of principal and interest on securities issued by private lenders that are backed by pools of Federal Housing Administration (FHA), Veterans Affairs (VA), Rural Housing Service (RHS), and Public and Indian Housing (PIH) mortgage loans. The full faith and credit guarantee of the U.S. Government that Ginnie Mae places on mortgage-backed securities (MBS) lowers the cost of, and maintains the supply of, mortgage financing for government-backed loans.

In the Ginnie Mae II program, one or multiple lenders may pool mortgage loans in the same pool, which in turn allows for larger and more geographically dispersed pools. The Ginnie Mae II program also allows securities to be issued with smaller numbers of mortgage loans than the Ginnie Mae I program, and allows ARM loans to be pooled. A wider range of mortgage interest rates is permitted in a Ginnie Mae II MBS pool. With the exception of Ginnie Mae II pools that are used as collateral for state or local bond financing programs (BFP), for which Ginnie Mae provides special consideration, Ginnie Mae II securities have servicing and guarantee fees ranging from 25 to 75 basis points and a minimum pool size of \$250,000 for multi-lender pools and \$1 million for single-lender pools.

To issue a Ginnie Mae II security, an approved lender applies for a commitment from Ginnie Mae for the guaranty of securities. The lender originates or acquires mortgage loans and assembles them into a pool of mortgages. The Ginnie Mae II program permits lenders to issue securities backed by pools of single family or manufactured home loans (with an initial application date that occurs on or after June 1, 2009), where the interest rates can vary within a fixed range. The lender decides to whom to sell the security and then submits the documents to Ginnie Mae's pool processing agent. The agent prepares and delivers the securities to the investors designated by the lender. The lender is responsible for selling the securities and servicing the underlying mortgages. Issuers of Ginnie Mae II securities are responsible for paying security holders on the 20th day of each month.

**Applicant Eligibility:** A firm must be approved as an issuer based on capital requirements, staffing, experience criteria, and infrastructure. The firm must also be an FHA-approved lender in good standing.

**Legal Authority:** Section 306(g) of the National Housing Act (12 U.S.C. 1721(g)).

**Administering Office:** Government National Mortgage Association,  
U.S. Department of Housing and Urban Development, Washington, DC 20410.

**Information Sources:** Administering office; Office of Issuer & Portfolio Management.  
On the Web: <http://www.ginniemae.gov>

**Current Status:** Active.